

Message Text

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ACTION TRSE-00

INFO OCT-01 EA-07 ISO-00 IO-13 NEA-10 SP-02 USIA-06
AID-05 EB-07 NSC-05 EPG-02 SS-15 STR-04 OMB-01
CEA-01 CIAE-00 COME-00 FRB-03 INR-07 NSAE-00
XMB-02 OPIC-03 LAB-04 SIL-01 L-03 H-01 PA-01
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R 230220Z MAY 77

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USADB

FOR NAC AGENCIES

E.O. 11652: ADS, DECLAS 8/23/77

TAGS: EAID, EFIN

SUBJECT: ADB LOAN AND TA GRANT FOR PULANGUI RIVER IRRIGATION PROJECT AND MINDANAO IRRIGATION STUDY; UTILIZATION OF SAVINGS OF LOAN PROCEEDS ALLOCATED FOR TA TO FINANCE AERIAL MAPPING

REF: (A) 75 MANILA 8211, (B) MANILA 6957

SUMMARY: ADB MANAGEMENT PROPOSES ON NO OBJECTION BASIS THAT SAVINGS REALIZED THROUGH CERTAIN LOWER THAN ANTICIPATED FOREX COSTS (MAINLY ON CONSULTANT SERVICES) IN MINDANAO IRRIGATION STUDY (MIS) PORTION OF SUBJECT PROJECT BE UTILIZED TO FINANCE INCREASED COSTS OF AERIAL MAPPING IN SAME PORTION OF PROJECT. USADB PLANS NO OBJECTION. END SUMMARY.

1. ADB DOC. R49-77 DESCRIBING PROPOSED UTILIZATION OF SAVINGS POUCHED ADDRESSEES MAY 20.

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2. ON JUNE 26, 1975 BANK APPROVED \$13.5 MILLION LOAN (LOAN NO. 225-PHI) AND \$100,000 TECHNICAL ASSISTANCE (TA) GRANT TO GOVT OF PHILIPPINES TO FINANCE FOREX COST OF PULANGUI RIVER IRRIGATION PROJECT AND TA FOR MINDANAO IRRIGATION STUDY (MIS). PART A OF OVERALL PROJECT, TO WHICH BULK OF LOAN PROCEEDS WERE ALLOCATED, INVOLVED CONSTRUCTION OF PULANGUI RIVER IRRIGATION SYSTEM

AND RELATED AGRICULTURAL DEVELOPMENT. PART B, TO WHICH \$700,000 OF LOAN PROCEEDS AND ALL OF TA GRANT WERE ALLOCATED, INVOLVED FEASIBILITY STUDY OF PRIORITY IRRIGATION PROJECTS IN MINDANAO, NAMELY: DAVAO DEL NORTE II, TAGO RIVER, ALLAH RIVER AND AGUSAN II; AND IDENTIFICATION OF FUTURE IRRIGATION PROJECTS FOR FUTURE CONSIDERATION. LOAN AND TA GRANT WERE DECLARED EFFECTIVE AUG 1, 1975.

3. TOTAL COST OF MIS (PART B OF PROJECT) WAS ESTIMATED AT \$1,400,000 OF WHICH \$800,000 FOREX APPORTIONED AS FOLLOWS: CONSULTANT SERVICES, \$600,000; EQUIPMENT AND COMMUNICATION FACILITIES, \$110,000; CONTINGENCIES, \$90,000. INDIAN CONSULTING FIRM WAS ENGAGED IN DEC 1975 UNDER CONTRACT AMOUNTING TO \$315,000, AND ACTUAL COST OF EQUIPMENT PROCURED AMOUNTED TO \$170,000, FOR FOREX SAVING OF \$315,000 (800-485).

4. LOCAL CURRENCY COSTS OF MIS TO BE FINANCED BY GOVT, HAD INCLUDED \$300,000 FOR NECESSARY AERIAL AND GROUND SURVEYS OF PROJECT AREA. HOWEVER, INCREASED COSTS OF AERIAL MAPPING TOGETHER WITH FACT THAT AREA TO BE SURVEYED WAS FOUND TO BE ABOUT 60,000 HA. INSTEAD OF 40,000 HA. AS ORIGINALLY ESTIMATED, HAS MEANT SUBSTANTIAL INCREASE IN OVERALL COST ESTIMATE. TOTAL COST NOW ESTIMATED AT \$600,000 OF WHICH \$360,000 FOREX.

5. NATIONAL IRRIGATION AGENCY (NIA), EXECUTING AGENCY FOR PROJECT, HAS PROPOSED THAT FOREX SAVINGS OF \$315,000 LIMITED OFFICIAL USE

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(PARA 3) BE USED TO FINANCE BULK OF FOREX COSTS OF AERIAL MAPPING AS NOW ESTIMATED (PARA 4). NIA WOULD COVER REMAINING \$45,000 OF FOREX COSTS AND ALL OF LOCAL CURRENCY COSTS NOW ESTIMATED AT \$240,000.

6. CONTRACT FOR WORK WILL BE AWARDED THROUGH INTERNATIONAL COMPETITIVE BIDDING IN ACCORDANCE WITH BANK'S GUIDELINES (N.B.; EEC-FINANCED TA TO PHILIPPINES FOR AERIAL MAPPING FOR MIS II (REF B) PLAMW CONTRACTORS IN VIEW OF FACT THAT AMOUNT INVOLVED IS TOO SMALL TO ATTRACT FOREIGN CONTRACTORS).

7. PROPOSAL HAS BEEN REVIEWED BY BANK STAFF AND DISCUSSED EXTENSIVELY WITH NIA OFFICIALS AND THE CONSULTANT. BANK IS SATISFIED THAT THERE IS NO CHANGE IN SCOPE OF STUDY AS ENVISAGED DURING APPRAISAL AND COST APPEARS REASONABLE. MANAGEMENT THEREFORE, RECOMMENDS UTILIZATION OF \$315,000 FOR THE PURPOSES STATED. IF NO BOARD MEMBER OBJECTS TO, OR REQUESTS DISCUSSION OF,

RECOMMENDATION BY JUNE 7, 1977,
RECOMMENDATION WILL BE DEEMED TO HAVE BEEN APPROVED.
USADB DOES NOT PLAN TO OBJECT. STULL

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Message Attributes

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